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The *Welsh Economic Review* is produced twice yearly, by the Welsh Economy Research Unit (WERU) at Cardiff Business School. The aim of the *Review* is to provide an authoritative and objective analysis of the Welsh economy in a manner that promotes understanding and informs decision-making. The 'core' section of the *Review* is written by members of WERU, with feature articles contributed by academics or practitioners within or outside Wales. The *Review* is circulated widely within Wales, to both private and public sector organisations, including the education sector and the National Assembly.

Notes for Contributors

Authors should send papers for potential publication in the *Welsh Economic Review* to the Editor at the address given below, preferably via e-mail in a Word for Windows format. Papers are welcome on any topic that would be of general interest to the readership, and should be written in a style suitable for non-specialist readers. Papers should be approximately 3,000-4,000 words and any graphs or figures should be accompanied by the underlying data to allow reproduction.

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Labour Markets

The Autumn edition of the *Review* reported moderate employment growth in Wales in the year to July 2002, and this trend has continued to January 2003. Indeed, the employment rate for the three months to January 2003 of 71.7% (1.31 million), was up by approximately 56,000 (2.9%) compared with the corresponding period in 2002. In January 2003, the unemployment rate stood at 4.8% (66,000), down 0.6 percentage points on the same period last year. The unemployment rates for men and women for the period November 2002 to January 2003 were 5.3% and 4.3% respectively. The seasonally adjusted number of unemployed benefits claimants in February 2003 was 45,400, down 400 on January 2003, and down 2,100 on the figure in February 2002 (Labour Market Statistics, March 2003: Wales).

Table 2 shows the Unitary Authority unemployed claimant count in Wales as a proportion of the resident working age population (these local area rates are not seasonally adjusted). These proportions vary widely across Wales, with the highest in Blaenau Gwent (4.2%), Isle of Anglesey (4.2%) and Pembrokeshire (4.1%) and the lowest in Monmouthshire (1.8%) and Powys (1.8%). However, in the year to February 2003, all unitary authorities saw a reduction in claimant counts. Reductions were particularly marked for Blaenau Gwent and Merthyr Tydfil which experienced drops from 7.2% to 4.2% and 4.2% to 3.8% respectively.

The Labour Force Survey estimated the number of economically inactive people (all people aged 16 and over) in Wales in the period November 2002 to January 2003 to be 961,000, of whom 437,000 were of working age (16 to 59/64). Over the year to January 2003 the number of economically inactive people of working age decreased by 44,000. At the same time, the number of economically active people was approximately 1.377m (75.4% of the workforce).

In September 2002 there were 1.068m employee jobs in Wales, showing little change (-1000) on the same month in the previous year. However, the number of male jobs declined by 12,000 to

521,000 in that period, while female jobs increased by 11,000 to 547,000. Table 3 shows employees by sector for September 2001 and 2002 and reveals that numbers employed in the manufacturing sector have fallen, while construction has been stable and services have grown slightly.

Figure 2 plots employment change in the manufacturing sector since September 1995. This trend seems set in a downward direction, with a drop of 0.2% in the last quarter of 2002 reflecting a number of manufacturing plant closures (see Industrial Production section of this *Review*)

Table 2: Unemployment in Wales; Claimant Count on 13 February 2003, % of population (not seasonally adjusted)

	Men	Women	People
Wales*	4.4	1.4	2.9
Anglesey	6.6	2.3	4.2
Blaenau Gwent	6.5	1.8	4.2
Bridgend	4.0	1.3	2.7
Caerphilly	4.6	1.5	3.1
Cardiff	5.0	1.2	3.1
Carmarthenshire	3.9	1.3	2.7
Ceredigion	2.9	1.2	2.1
Conwy	4.2	1.5	2.9
Denbighshire	3.7	1.4	2.6
Flintshire	2.9	1.1	2.0
Gwynedd	5.5	1.8	3.7
Merthyr Tydfil	5.9	1.5	3.8
Monmouthshire	2.5	0.9	1.8
Neath Port Talbot	4.9	1.5	3.2
Newport	5.6	1.6	3.6
Pembrokeshire	5.8	2.3	4.1
Powys	2.4	1.2	1.8
RCT	4.0	1.3	2.7
Swansea	4.7	1.3	3.1
Torfaen	4.2	1.5	2.9
Vale of Glamorgan	4.4	1.3	2.9
Wrexham	3.4	1.1	2.3

*note The seasonally adjusted claimant count rate for Wales was 5% for men, 1.7% for women and 3.5% overall.
Source: Benefits Agency Administrative Service

Table 3: Employees by Sector, all workers

Industry	Sep-02	Sep-01	Change
Manufacturing	181885	191918	-5%
Construction	54107	54142	-
Services & Other	815629	807579	+1%

Source: ONS/Labour Force Survey

Figure 2 Manufacturing Employment September 1995 to September 2002

- Not available due to small size of sample

Source: New Earnings Survey.

Earnings

Table 4 shows average weekly earnings for Wales and Great Britain. In 2002, Welsh average weekly earnings were just 86% of the GB average. Average earnings in Wales increased by 5% over the period 2001-02.

Sub-regional variation within Wales is demonstrated in Table 5. Cardiff, although reporting the highest earnings (all persons) in Wales, at £385, still falls short of the GB average of just over £386. The lowest average earnings are £267 reported in Conwy; 69% of Cardiff earnings. The gap between male and female average earnings closed slightly from 62% to 64% in 2002 (£389 for

males to £242 for females in 2001 and £410 males to £258 females in 2002).

Male earnings in Bridgend, Cardiff, Flintshire, Neath Port Talbot and Newport were higher than the Welsh male average for 2002. Coverage of female earnings is limited by small sample sizes in the New Earnings Survey. Of the few regions where data is available, Cardiff has the highest female earnings which were around 13% above the Welsh average, as were Cardiff male earnings. These wage differentials can be explained by sub-regional variations in sectoral and occupational structure (see also the feature article by O'Leary et al).

Table 4: Average Weekly Earnings (All Persons) 2002

	2000	2001	2002
Great Britain	351.04	370.45	386.54
Wales	308.91	319.73	335.37

Source: New Earnings Survey (NES)

Table 5: Average gross weekly earnings in Wales 2002

	<i>Male</i>	<i>Female</i>	<i>All</i>
Wales	410.81	258.06	335.37
Anglesey	-	-	-
Blaenau Gwent	-	-	-
Bridgend	428.68	-	326.36
Caerphilly	-	-	334.98
Cardiff	465.01	295.68	385.28
Carmarthenshire	380.77	-	307.64
Ceredigion	-	-	-
Conwy	-	-	267.42
Denbighshire	-	-	-
Flintshire	454.8	-	380.85
Gwynedd	-	-	326.68
Merthyr Tydfil	-	-	-
Monmouthshire	-	-	-
Neath Port Talbot	419.82	-	351.16
Newport	412.37	253.45	340.81
Pembrokeshire	-	-	-
Powys	367.82	-	314.89
RCT	377.39	-	328.65
Swansea	386.24	257.42	316.51
Torfaen	387.16	-	343.04
Vale of Glamorgan	-	-	-
Wrexham	392.81	234.78	303.24

*Nt available due to small size of sample

Source: New Earnings Survey.